



COUNTY OF SAN DIEGO

LAND USE AGENDA ITEM

BOARD OF SUPERVISORS

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DATE: August 27, 2025

04

TO: Board of Supervisors

SUBJECT

**GILLESPIE FIELD – NEW AVIATION LEASE WITH SKYVISIONX, INC. AND
RELATED CEQA EXEMPTION (DISTRICT: 2)**

OVERVIEW

The proposed action is the approval of a new 50-year aviation lease with SkyVisionX, Inc. (SkyVisionX) at Gillespie Field Airport (Gillespie Field) that benefits the leaseholder while also promoting the self-sufficiency of Gillespie Field and enhancing the economic viability of the County Airport system.

The County of San Diego (County) operates Gillespie Field, a general aviation airport in the City of El Cajon. Gillespie Field is a 757-acre publicly owned facility that serves the aviation needs of the City of El Cajon and surrounding cities. The airport is one of seven airports owned by the County of San Diego and operated by the Department of Public Works (DPW) using funding from the Airport's self-sustaining maintenance and operations fund (Airport Enterprise Fund/AEF), at no cost to the General Fund. Gillespie Field is the oldest and largest of the seven airports and includes runways, a control tower, and a terminal, as well as many airport-related businesses.

Gillespie Field and its two airport industrial parks generate an estimated \$403 million in direct economic impact and support 3,164 jobs in the City of El Cajon. These activities generate an estimated \$919 million in direct, indirect, and induced economic impacts and support 6,250 jobs throughout San Diego County. The airport is home to flight schools, repair and maintenance shops, aircraft storage, aircraft sales and rental services, fuel providers, and instrument and avionics shops. The airport also functions as an essential emergency response resource for CalFire, Mercy Air, and Aerial Support to Regional Enforcement Agencies (ASTREA). Additionally, the airport supports public utility delivery through the San Diego Gas & Electric (SDG&E) leasehold on the property.

There are 19 aviation leaseholds located within the fenced aviation portion of Gillespie Field. One of the largest leaseholds (Gillespie Field Hangars) is about 11 acres and was reverted to the County for management on August 1, 2020. The site consists of two parcels (5.42 acres and 5.49 acres), situated on the northeast side of Gillespie Field. The leasehold is improved with seven rows of aircraft storage hangars, varying in size. The site was offered for an aviation

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lease through a competitive process, Request for Proposals (RFP), on February 21, 2025. The County received five proposals through the RFP, and after a competitive evaluation and rating, the County engaged in negotiations with the successful proposer, SkyVisionX.

This is a request to approve a new 50-year aviation lease agreement with SkyVisionX. As part of the lease agreement, SkyVisionX will pay the County a total of \$1.4M for the hangar structures already built on the property, as well as a monthly base rent through the duration of their lease. The company has also agreed to invest \$9.3M in capital improvements over a five-year period, adding additional value to the leasehold and far exceeding the \$2.7M minimum required capital improvements. SkyVisionX proposes replacing two hangar rows to fit larger private planes to meet the current and future aviation needs at Gillespie Field. New additions will include solar panels, Light Emitting Diode (LED) lighting, 50% estimated reduction in emissions in new hangar facilities, high-efficiency insulation including in roof upgrades, water conservation and xeriscape landscaping, and electric vehicle charging stations. Additional improvements that SkyVisionX plans to make on the County property include re-surfacing the ramp and taxi lanes of rows A-E, redesigning an area for tie-downs, and modernizing existing hangars to meet current standards, all with a focus on sustainable materials.

If approved, the lease will allow SkyVisionX to access financing opportunities to support the amortization of their loans and fund these planned investments that advance the County's property value and sustainability efforts. The proposed lease aligns with FAA Guidance and state law regarding lease terms. As a part of the lease conditions, the lease includes new County Policies, such as the Working Families Ordinance (WFO) and sustainability provisions. The Board adopted WFO requires lessees to pay prevailing wage on qualifying construction projects, use a skilled-and-trained workforce, and provide their employees with paid sick leave. Additionally, the Airport's leases require that lessees implement practices, modify, retrofit, or replace equipment and structures in a way that is consistent with the Airport's Sustainability Master Plan.

If approved, revenues from this lease on airport property would be placed into the Airport's AEF to be used to develop, operate, maintain, and improve County Airports. The revenue generated from this lease will help support the Airport's long-term fiscal sustainability, ongoing operations and maintenance costs, and increase the value of the Airport asset portfolio through capital improvements.

Today's request is to approve a new 50-year Aviation Lease with SkyVisionX, Inc., pursuant to Government Code Section 25336, which would commence on September 1, 2025, and terminate on August 31, 2075.

**RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER**

1. Find, in accordance with Section 15301 of the California Environmental Quality Act (CEQA) Guidelines, that the proposed ground lease is categorically exempt from CEQA

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review as it consists of the leasing and operation of existing public facilities involving negligible or no expansion of existing or former use.

2. Approve and authorize the Director of Airports, to execute, upon receipt, three copies of the aviation lease with SkyVisionX, Inc. **(4 VOTES)**

EQUITY IMPACT STATEMENT

The County of San Diego (County) owns and operates seven airports that serve as essential air transportation hubs, emergency response facilities, and regional economic engines. The County strives to deliver these services in a fair and equitable manner, actively working to remove barriers by providing general airport information in the County's threshold languages, encouraging participation at public advisory meetings, and providing competitive opportunities for small businesses – those with traditionally less working capital – and business owners and managers who may be socially and economically underserved. Additionally, this lease will include the Working Families Ordinance (WFO) provision in compliance with the ordinance adopted by the County Board of Supervisors in 2022.

SUSTAINABILITY IMPACT STATEMENT

The State of California (State) and the County of San Diego (County) have made addressing climate change and sustainability two of the top priorities for our communities. Planning, coordinating, and implementing effective sustainability objectives and measures are crucial to reducing the County's impact on the environment and ensuring safe and healthy communities. In accordance with these actions, the Department of Public Works (DPW) has incorporated new environmental sustainability language and goals into our airport property leases as new leases are created or as existing leases are amended for reasons other than scheduled rent adjustments. Today's action contributes to the environmental and economic sustainability goals of the County by addressing changes in environmental sustainability. Examples of sustainability elements that the Lessee has agreed to add to the property include solar panels, Light Emitting Diode (LED) lighting, new hangar facilities that will produce an 50% estimated reduction in emissions, high-efficiency insulation included in roof upgrades, water conservation and xeriscape landscaping, and electric vehicle charging stations.

FISCAL IMPACT

Funds for this request are included in the Fiscal Year (FY) 2025-26 Operational Plan in the Department of Public Works, Airport Enterprise Fund. If approved, this request will result in current year revenue of \$284,367 which includes \$158,406 from the monthly base rent and \$125,961 from the loan payment for the SkyVisionX, Inc. purchase of the hangar structures on the property. SkyVisionX will purchase the existing hangar structures for a total of \$1.4 million paid over 20 years at 9% interest, as part of the new aviation lease agreement. The funding source is the aviation lease agreement with SkyVisionX, Inc. There will be no change in the net General Fund cost and no additional staff years. If not approved, the County would continue to manage individual hangar leases on the property at a cost of \$86,000 funded by lease revenue from other tenants on the property, until a new Master leaseholder is identified through a competitive process.

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BUSINESS IMPACT STATEMENT

Leases at airports benefit the local business community by creating jobs, increasing economic activity, providing business opportunities, and supporting infrastructure development. Leasing airport property attracts visitors, generates revenue, and helps small businesses grow, thereby stimulating the local economy and improving the quality of life for residents. San Diego County Airports (County Airports) connect individuals to jobs and link local communities to the world. Revenue from airport leases enables the Department of Public Works to operate and maintain the seven County Airports safely, efficiently, and cost-effectively. Today's action of approving a new 50-year lease term to SkyVisionX, Inc. (SkyVisionX) supports the economic self-sufficiency of Gillespie Field and strengthens the economic viability of the County Airport system.

ADVISORY BOARD STATEMENT

On July 16, 2025, the Gillespie Field Development Council (GFDC) recommended, by a vote of 3 in favor, 0 against, 1 abstention, with 1 member absent and 0 vacant seats, that the Board of Supervisors approve the proposed 50-year aviation lease with SkyVisionX, Inc. (SkyVisionX).

BACKGROUND

The County of San Diego (County) operates Gillespie Field Airport (Gillespie Field), a general aviation airport in the City of El Cajon. Gillespie Field is a 757-acre publicly owned facility that serves the aviation needs of the City of El Cajon and surrounding cities. The airport is one of seven airports owned by the County of San Diego and operated by the Department of Public Works (DPW) from the Airport's self-sustaining maintenance and operations fund (Airport Enterprise Fund/AEF), at no cost to the General Fund. Gillespie Field is the oldest and largest of the County's seven airports and includes runways, a control tower, and a terminal, as well as many airport-related businesses.

Gillespie Field and its two airport industrial parks generate an estimated \$403 million in direct economic impact and support 3,164 jobs in the city of El Cajon. These activities generate an estimated \$919 million in direct, indirect, and induced economic impacts and support 6,250 jobs throughout San Diego County. The airport is home to flight schools, repair and maintenance shops, aircraft storage, aircraft sales and rental services, fuel providers, and instrument and avionics shops. The airport also functions as an essential emergency response resource for CalFire, Mercy Air, and Aerial Support to Regional Enforcement Agencies (ASTREA). The airport also supports public utility delivery through the San Diego Gas & Electric (SDG&E) leasehold on the property.

There are 19 aviation leaseholds located within the fenced aviation portion of the Airport. One of the largest leaseholds, occupying 10.917 acres, was formerly owned and operated by Master tenant Tom and Wendy Harding owners of Sky Harbor Hangars, a general partnership (County Contract No. 503284) and reverted to the County for management on August 1, 2020 (Gillespie Field Hangars). On this property, the County holds a lease with a single Master tenant who then sub-leases individual hangar space to sub-tenants. The site consists of two parcels (5.42

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acres and 5.49 acres), situated on the northeast side of Gillespie Field, at 425 Kenney Street, El Cajon, California. Seven rows of aircraft storage hangars, varying in size, were added to the leasehold from a previous lessee and will be purchased as part of this lease approval. The leasehold is currently occupied by sub-tenants. The new Master tenant, SkyVisionX, Inc. (SkyVisionX), will negotiate their terms with the current occupants and a new sublease will be needed between the Master tenant and the current occupants. The tenant mix is represented mostly by small general aviation aircraft and aircraft operators. There is an existing Padre Dam Easement and two monitoring wells on the property.

The Gillespie Field Hangars site was offered for an aviation lease through a competitive process, Request for Proposals (RFP), in Spring 2025. Five proposals were submitted through the RFP. After extensive rating and evaluation, the County determined the proposal from SkyVisionX represented the best value to the County and engaged in negotiations with the successful proposer SkyVisionX. The proposal supports airplane storage for small aviation users in alignment with Airport goals and Gillespie Field Development Council (GFDC) recommendations. The company proposes adding two rows of large hangar storage as well, further improving access to the region and supporting local business aviation needs. Lastly, SkyVisionX proposes to complete \$9.3M of capital investments enhancing the infrastructure with multiple sustainability features and improving the leasehold for the aviation community as well as adding value to the airport and creating economic impact in the region through property and use taxes. Examples of sustainability elements that the Lessee has agreed to add include solar panels, Light Emitting Diode (LED) lighting, 50% estimated reduction in emissions in new hangar facilities, high-efficiency insulation included in roof upgrades, water conservation and xeriscape landscaping, and electric vehicle charging stations.

This is a request to approve a new aviation lease agreement with SkyVisionX for a term of 50 years. SkyVisionX will pay the County a total of \$1.4M for existing structures, as well as a base monthly rent through the duration of their lease. The company has also agreed to invest \$9.3M over a five-year period, adding additional value to the leasehold. If approved, the lease will allow SkyVisionX to access financing opportunities to support amortization of their loans. The lease term aligns with FAA Guidance and state law regarding lease terms, which generally recommends the lease term be limited to a period of no more than 50 years unless a longer term is necessary to allow for amortization of a substantial investment. This new aviation lease would commence on September 1, 2025, and terminate on August 31, 2075.

ENVIRONMENTAL STATEMENT

Section 15301 of the California Environmental Quality Act (CEQA) Guidelines exempts from CEQA review actions related to the “operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.” The key consideration in applying this exemption is whether the proposed action involves any expansion of the existing use. The proposed action involves a new ground lease with SkyVisionX, Inc. (SkyVisionX) to operate and manage existing aircraft storage hangars.

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While SkyVisionX's proposal expresses a desire for future capital improvements, today's action only involves approval and authorization for the Director of Airports to execute an aviation lease, which governs the existing facilities. Any future improvements that are subject to the Director of Airports' approval, as identified in the lease and Request for Proposals, would be required to undergo subsequent environmental review pursuant to the California Environmental Quality Act. Therefore, today's action would only authorize the leasing of existing private structures and facilities, involving negligible or no expansion of existing use. Accordingly, the project is categorically exempt from CEQA review pursuant to Section 15301 of the State CEQA Guidelines.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the Economic Sustainability Strategic Initiative in the County of San Diego's (County) 2025-2030 Strategic Plan. Revenue derived from airport leases is placed in the County's Airport Enterprise Fund, which aligns services to available resources, maintaining fiscal stability, and ensuring long-term solvency by using lease revenue for ongoing maintenance and operation of County Airports. Airports in San Diego County are an important part of the County's physical infrastructure and the federal transportation system and provide superior service delivery to local aviation customers and the public which they serve.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Dahvia Lynch', is written over a light gray rectangular background.

DAHVIA LYNCH
Deputy Chief Administrative Officer

ATTACHMENT(S)
A. Vicinity Map